

IN THE IOWA DISTRICT COURT FOR MUSCATINE COUNTY

STATE OF IOWA ex rel.
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA,
99AG25112

Plaintiff,

v.

JOHNATHAN C. AHLF, in his individual and
corporate capacities;

KRISTEN N. LAIN, aka Kristen N. Ahlf, in her
individual and corporate capacities; and

PROFIT ALLIANCE, INC.,
dba Profit Alliance Recovery Consultants,
a Texas corporation,

Defendants.

Equity No.

EqCV 018307

AFFIDAVIT OF
AL PERALES

I, Al Perales, being duly sworn on oath, state as follows:

1. I am an Investigator in the Consumer Protection Division of the Office of the Iowa Attorney General, a position I have held since November 2006.

2. In the above capacity, I have been assigned to handle complaints relating to, and investigate the practices of, the above-named Defendants.

3. The Consumer Protection Division has received complaints from consumers regarding the sale of the Profit Alliance business opportunity by the Defendants. A general description of the business opportunity in question is accurately set forth in paragraph 21 of the Petition in this case. The complaints include:

a) The September 2007 complaint from a New Jersey man, alleging "consumer fraud": "They sell Business Opportunities online and cheat honest investors that think they are buying a business." He requested a refund of the \$10,995.00 he spent for the Profit Alliance business opportunity, but Profit Alliance refused to make any refund.

b) The November 2007 complaint of a California resident, alleging he had been misled in connection with his purchase of the business opportunity and was trying to get back \$995.00 he paid toward the \$12,000.00 business opportunity purchase. Profit Alliance refused, and threatened to turn the matter over to the company's collections attorney. In a letter to the Consumer Protection Division, Kristen Lain also indicated that Profit Alliance was "looking at filling [sic] a legal claim" against the consumer "for his breach in contract [sic]."

c) The December 2007 complaint of an Indiana resident, who alleged that he did not receive the turn-key business that had been described to him. He sought the return of his \$10,000.00 payment. An unsigned letter from Profit Alliance responded with the threat that "any public slander attempts" by the consumer "will be most assuredly met by a slander lawsuit and interference with contracts, in addition to other possible charges." No refund was provided.

d) The February 2008 complaint of an Ohio man, who wrote that important disclosures regarding the business had not been made to him as required by law, and that the company had not "provided the services for which they were charging investors." He sought return of the \$9,999.00 he had paid, but Profit Alliance refused. In addition, Muscatine legal counsel for Profit Alliance, in a letter copied to "John and Kristen Ahlf," warned the consumer that his statements about the company "may be construed as defamation and tortious interference ..."

e) The June 2008 complaint of a resident of California, who alleged that the Profit Alliance business opportunity was misrepresented to her in numerous ways by Kristen Lain and Johnathan Ahlf. She sought the return of her \$9,995.00 investment. Johnathan Ahlf made it clear that a refund would not be made. He also warned that he would not put up with "slander": "[Profit Alliance] can do what they want should their rights be violated be [sic] your threats, not my call. I simply know exactly what I will do."

4. In addition to the above written complaints to the Consumer Protection Division, my contacts with current or former representatives of Profit Alliance and my other investigative contacts have indicated that there are numerous other dissatisfied purchasers of the Profit Alliance business opportunity comparable to the complainants listed above, and that some such

individuals lost as much as \$29,000.00.

5. Acting in an undercover capacity in order to gather information about the manner in which Profit Alliance business opportunities are sold, on April 18, 2008 I went on Profit Alliance's website, www.profitalliance.com, and registered as a possible purchaser of the business opportunity. I provided a Bettendorf, Iowa address as my mailing address. I subsequently had the following contacts from Profit Alliance:

- a) I received a packet of promotional materials, mailed to my Bettendorf address, which included each of the representations set forth in paragraph 35 of the Petition;
- b) I received approximately seven telephone calls from Defendant Kristen Lain (Ahlf). In most of the calls Lain tried to persuade me to purchase the opportunity. In a particularly call from Lain on May 23, 2008, she claimed that she was not Kristen Lain, the CEO of Profit Alliance. She claimed that she was a different Kristen, namely Kristen Ahlf of Profit Alliance's Marketing Department. She said that CEO Lain was not in the office that day, and was hardly ever in the office. She also told me that, based on historical results, if I worked the business as I was shown I'd make a substantial income; about 80 % of those who try the business are successful; Profit Alliance has several offices all over the United States; and that I was going to be a great success with Profit Alliance. I told her that I would appreciate it if the CEO, Kristen Lain, could give me a call too.
- c) On May 28, 2008 I received another call from Kristen Lain, and this time she identified herself as Kristen Lain (as opposed to identifying herself as the Kristen Ahlf who called me before). She said she would put a "hold" on my area, so no other investors would get it, and that I needed to sign the contract and get started on this "easy" turn-key business. She also stated that 80 % of individuals are successful, and the other 20 % never turned their business on. She said that 3 or 4 of the individuals operating a Profit Alliance business make six figure incomes.
- d) I also received about five calls from Johnathan Ahlf, also trying to persuade me that I should purchase the business opportunity. During one such call on June 10, 2008, I asked Ahlf whether there was any relationship between Profit Alliance and United Business Solutions/UBS. He stated that he was unaware of UBS.
- e) On May 28, 2008, I received a copy of the contract that I was to sign in order to obtain the Profit Alliance business opportunity and operate the business. Because the contract referred to financial information that was supposed to be attached to the contract as "Exhibit B," but was not attached, I asked Defendant Lain about it. I was then provided a

financial summary entitled "Balance Sheet as of December 31, 2007." That Balance Sheet is attached as Exhibit B to the contract I sent back to Profit Alliance, a copy of which is attached to this affidavit.

6. In my capacity as a prospective purchaser of the Profit Alliance business opportunity:

a) I was not provided a qualifying disclosure document with the cover page described in Iowa Code § 551A.3 at least ten business days before the execution of the contract or payment of any consideration, or at any other time.

b) The "Independent Associate" Agreement I was provided did not include the cancellation statement set forth at Iowa Code § 555A.3, as required by Iowa Code § 551A.3 (4)(b)(7), nor did it disclose any of the facts set forth in paragraph 30 of the Petition.

7. I was present during the sworn statements of Johnathan Ahlf and Kristen Lain, and I have reviewed the court rulings and agency decisions, as well as the Consumer Protection Division files, relating to the Defendants. I can attest to the accuracy of the facts set forth: in paragraph 22 of the Petition relating to the relationship between Profit Alliance and United Business Solutions (UBS); in paragraphs 26 and 27 relating to the extent of control over Profit Alliance exercised by Johnathan Ahlf and Kristen Lain; in paragraph 30 relating to Ahlf's bankruptcy and loss of Iowa insurance license, and the various regulatory actions and lawsuits involving one or more of the Defendants and/or UBS; in paragraph 35, detailing representations contained in promotional materials used by Defendants in connection with the sale of the Profit Alliance business opportunity; in paragraphs 36 through 39, relating to advertisements and other promotional matter appearing on the Internet; and in paragraph 42, relating to exchanges with one or more Defendants in connection with the Consumer Protection Division's efforts to obtain compliance with the consumer fraud subpoena.

8. On April 22, 2008, I contacted the Iowa resident alleged to have provided the testimonial referred to in paragraph 36(a) of the Petition. He told me that the quoted testimonial attributed to him was not something he ever said and did not reflect his experience. He told me that he was left worse off after dealing with Profit Alliance, that he was left owing taxes to the federal government, and that he still hopes to recover the approximate sum of \$11,000.00 that he paid to Profit Alliance.

9. On May 22, 2008, I contacted the Kerrville, Texas address, 1614 Sidney Baker Street, promoted by Profit Alliance on its website as its "Corporate Offices." I spoke with a Ms. U—, who identified herself as the Office Manager of a law office at that address. I asked her whether Profit Alliance, Johnathan Ahlf, or Kristen Lain had at any time any ties with that address, and she replied "no." During our phone conversation, I e-mailed Ms. U— the link to the Profit Alliance website that displays the picture of the "Corporate Offices" at the address in question, and after viewing the picture she informed me that the building pictured was not their building. I later located a website that provides stock photos, and found a stock photo that matches the building held out on the Profit Alliance website as the company's "Corporate Offices." (See Petition ¶ 36 (b)).

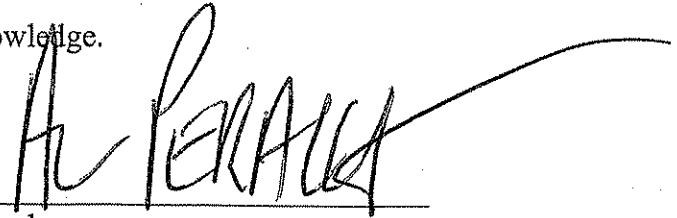
10. On May 2, 2008, I contacted the Director of the United Way office at which Kristen Lain had been employed from June 2003 to December 2005 as the Executive Administrator, according to Profit Alliance documents. I was informed that in fact Lain had been a temp agency placement in the United Way office, and as such worked there for only four months, from August 2005 to November 2005, as an office assistant.

11. On June 16, 2008, I accessed records relating to Kristen Lain's tenure at Southeastern Community College in Burlington, Iowa, and determined that Ms. Lain had pursued a course of study in Respiratory Care and Office Administration from January 2003 to May 2006, but had obtained no degree.

12. On April 18, 2008, I contacted the WOI-TV Director of Operations, Mr. Randy S—, to determine whether that station did do the positive story about Profit Alliance attributed to WOI and promoted on Profit Alliance's website. After viewing an e-mailed copy of the Profit Alliance website page featuring the WOI story, Mr. S— searched the WOI archives and ascertained that the story attributed to WOI was not in fact created or produced by WOI. Also, on that same day, I contacted Mr. Dale W— of WHO-TV, who likewise confirmed that the Profit Alliance piece, which was presented on the Profit Alliance website as if it had appeared on WHO's website, had never in fact appeared there. (*See* Petition ¶ 36 (c))

13. On June 16, 2008, I used the Internet to check the corporate records of the Nevada Secretary of State, to attempt to verify the May 15, 2008 sworn statement of Johnathan Ahlf that Financial Recovery Associates, LLC was his company and had been incorporated sometime within the previous five or six months in the State of Nevada. Records of the Nevada Secretary of State indicate that no Nevada corporation exists by that name, and that there are no Nevada corporations associated with the name Johnathan Ahlf. I separately checked records of the Iowa Secretary of State, and there is no Iowa corporation by that name, nor is a corporation by that name registered to do business in Iowa as a foreign corporation.

The above is true and correct to the best of my knowledge.



Al Perales

Signed and sworn to by Al Perales before the undersigned Iowa Notary Public on this

19th day of June, 2008.



Notary Public, State of Iowa



PARC Independent Associate Marketing Agreement

THIS AGREEMENT is entered into this 6th day of June 20.08 by and between Profit Alliance Recovery Consultants (PARC) a dba of Profit Alliance Corporation, a Texas Corporation, with offices located at West Bryn Mawr, Suite 800 South Chicago, IL 60631(888)388-3435; and A. Perales ("Independent Associate").

RECITALS

WHEREFORE, PARC offers a business opportunity for Independent Associate to market the PARC Tax Recovery; and PARC Contingency Based Auditing services in the areas of Telecommunications, Workers Compensation, Utilities, Credit Card Processing, Waste Management and Accounts/Receivables/Judgment Collections to US businesses and such services, hereinafter referred to as "Services/Products", and

WHEREFORE, it is the intent of the parties to this Agreement that PARC authorizes Independent Associate to market PARC Products and Services as hereinafter defined, and to outline the parameters of that authorization;

NOW THEREFORE, PARC hereby appoints Independent Associate, and Independent Associate hereby accepts appointment, as PARC's nonexclusive marketing representative for its Products and Services as hereinafter defined and PARC hereby grants to Independent Associate the following privileges:

I. Right of Use, Marks and Marketing Materials. PARC will train, support, and hereby grants a nonexclusive right to be its marketing representative for any and all Services/Products covered by this Agreement. Independent Associate understands that Independent Associate has only those rights as are set forth specifically in this Agreement and that PARC retains any and all other rights including, but not limited to (1) the right to deal directly and/or indirectly with any customer or potential customer; and (2) the right to adjust Services/Products as PARC deems necessary, such as adding to, deleting, modifying, or otherwise changing Services/Products, and/or adjusting Services/Products prices, in which event PARC will provide Independent Associate with thirty (30) days written notice. PARC shall at all times retain the right of use and ownership of any Materials. PARC allows the Associate to use the PARC name in conjunction with Independent Associate's name, but does not grant to Independent Associate the right to use the PARC mark or trademark in the formation of an entity. Independent Associate further understands that any and all good will associated with such Materials shall inure only to the benefit of PARC. Independent Associate shall at no time use or form any entity using the name Profit Alliance Recovery Consultants or PARC. The PARC name can only be used in conjunction with the Independent Associates business entity name as an Authorized Independent Associate for Profit Alliance Recovery Consultants.

II. PARC as a Business Opportunity. Independent Associate understands and agrees that the PARC Program is a business opportunity only and not a franchise. PARC grants Independent

CANCELLED

Associate the right to present and market Tax Recovery Services and contingency based expense recovery services in the areas of Telecommunications, Workers Compensation, Utilities, Credit Card Processing, Waste Management, and Accounts Receivable/Judgment Collections. PARC does not warrant or represent this business opportunity to be a marketing plan for the Independent Associate.

PARC does not require Independent Associate to use any PARC recommended vendors such as lead brokers or appointment setting companies etc. PARC gives Independent Associate significant control regarding how to run their business. PARC does not require any on-going fees to be paid by Independent Associate to PARC, yearly renewal fees, overrides or royalties be paid to PARC. PARC will compensate Independent Associate for any business submitted by Independent Associate as outlined in Article V.D.1, below. Independent Associate understands that he or she is purchasing and paying for a business opportunity and not a franchise. PARC is the supplier of all materials and supplies included with this business opportunity.

III. Earnings and Refund Guarantees. Independent Associate understands that PARC does not represent or guarantee earnings or earnings potential to be derived from the PARC business opportunity, nor shall any refund of an entry fee be made. Independent Associate understands that their income can be more or less than any published testimonial by PARC in which a PARC Independent Associate has earned a commission with the PARC business opportunity. Independent Associate understands earnings are solely dependent upon his or her efforts and not on earnings of other Independent Associates. Independent Associate agrees that they will not make any representations or guarantee of monetary benefits as it relates to any tax recovery work or auditing/cost analysis work performed by quantifying in dollars or percentages, any benefit to any prospective client or other person with whom they do business.

IV. Affiliate as Separate Entity. Independent Associate understands that Independent Associate is an independent, separate business entity from PARC, and that PARC is not responsible for any actions, inactions or malfeasance on the part of Independent Associate, nor by any third parties, including but not limited to any employees or contractors who may represent Independent Associate. Independent Associate agrees not to provide any tax advice to clients or prospective clients. Further, Independent Associate recognizes that PARC cannot, nor does not provide tax advice. Independent Associate further understands that this Agreement does not create a joint venture, partnership, employee/employer relationship, or any other type of association between the parties hereto. PARC therefore, shall not take any actions that are usually and customarily associated with such other relationships, such as withholding income taxes from payments made, paying worker's compensation, or taxes of any kind, including but not limited to social security and unemployment taxes. Independent Associate is not entitled to any employment related benefits, such as vacation, retirement, health insurance, or sick leave.

V. Independent Associate's Duties and Responsibilities

A. Orders for Products/Services. Independent Associate understands that the only rights Independent Associate shall have with respect to the services shall be to solicit orders, that is, obtain complete and qualified information for the purpose of reviewing a client's last three (3) years of tax returns and/or necessary documentation to perform cost analysis/audits of client's business expenses. Said documentation is to be handed off to PARC to complete such orders. All such solicitation and execution of orders shall be done in strict compliance with the terms of this Agreement. PARC also may, from time to time, provide Independent Associate or their respective

clients with such guidance and information with respect to Products and Services provided hereunder as it may deem reasonable and necessary. Independent Associate understands that PARC retains the right to reject any orders solicited, at its sole discretion.

B. Use of Materials. As set forth herein, PARC has granted Independent Associate certain rights with respect to PARC's Materials. Independent Associate understands that PARC is the sole owner of such Materials, and that Independent Associate is being given only the right to use such Materials by PARC subject to the terms and conditions of this Agreement. Independent Associate shall not remove, alter or in any way change such Materials, including addition and/or deletion of any language, logos, marks or other identifying information from such Materials. Independent Associate shall not take any action, directly or indirectly, to register or cause to be registered any PARC marks, logos, and/or other identifying information either for Independent Associates own benefit, or for the benefit of any third party. Independent Associate shall not copy or distribute any of the Materials covered by this Agreement, except as permitted herein, without prior written authorization from PARC. Independent Associate is not required to use PARC brochures and Independent Associate can use his/her own brochures and promotional materials under their own name or business name with written approval of their content by PARC. As to any request made by Independent Associate to PARC, PARC shall not unreasonably deny any such requests and shall provide a response to Independent Associate with a final decision within ten (10) business days of receipt of such request.

C. Business Expenses. It shall be the sole responsibility of Independent Associate to pay any and all business related expenses incurred pursuant to any and all rights and privileges granted herein. Such expenses include, but are not limited to, payment of all taxes; payment of all employee-related expenses; and payment of any and all governmental licenses, legally required permits and/or approvals and any equipment utilized in Independent Associate's business.

D. Collection and Disbursement of Client Fees. In conjunction with soliciting orders for Products/Services, Independent Associate shall be responsible for submitting all orders for Products/Services to PARC on a timely basis and consistent with the terms of this Agreement. Such submission shall be on forms specifically approved by PARC only, which shall be provided to Independent Associate by PARC, and may not be altered in any manner without first obtaining written permission from PARC. Independent Associate shall forward clients payments along with the order forms to PARC within 24 hours or less and consistent with the requirements of this Agreement. In the event of failure to collect fees from client as required by this Agreement, Independent Associate shall not receive payment, and Independent Associate Affiliate is not responsible for PARC's fee portion. In the event of a past due fee from PARC's client, PARC will use its best efforts to assist in collecting the PARC fee.

VI. Independent Associate's Program Fees and Commissions (Independent Associate and Executive Associate Programs).

A. Independent Associate Program Fees. In exchange for PARC's entering into this Agreement, grant of right of use of Materials to an Independent Associate, and other rights as set forth herein, as well as all administrative costs associated with overseeing Independent Associates activities as a PARC independent representative, Independent Associate agrees to pay to PARC a one-time, non-refundable fee of thirteen-thousand nine hundred ninety-five dollars (\$13,995.00). In addition to the aforementioned consideration, the receipt and sufficiency of which is hereby recognized by

Independent Associate, PARC will also provide Independent Associate with one hundred (100) tri-fold six-page, full-color consumer brochures; two hundred fifty (250) PARC logo business cards; a two and one half day training session in Chicago, Illinois, *(all travel, hotel and transportation are paid by Independent Associate at their sole expense)*; a personalized PARC email address, ongoing corporate support, provided as needed at no charge; a PARC Training Manual; and a Power Point presentation. In addition, a monthly ongoing PARC Financial Destination membership fee of \$249 is required. Memberships and conditions outlined in the PARC Membership form.

B. Independent Executive Associate Program Fees. In exchange for PARC's entering into this Agreement, grant of right of use of Materials to an Independent Executive Associate, and other rights as set forth herein, as well as all administrative costs associated with overseeing Independent Executive Associate's activities as a PARC representative, Independent Executive Associate agrees to pay to PARC a one-time, non-refundable fee of nineteen-thousand nine hundred ninety-five dollars (\$19,995.00). In addition to the aforementioned consideration, the receipt and sufficiency of which is hereby recognized by Independent Executive Associate, PARC will also provide Independent Executive Associate with two hundred fifty (250) tri-fold six-page, full color brochures; five hundred (500) PARC logo business cards; a two and a half day training session in Chicago, Illinois, *(all travel, hotel and transportation are paid by Independent Executive Associate at their sole expense)*; a personalized PARC email address, ongoing corporate support, provided as needed at no charge; a PARC Training Manual; and a Power Point presentation. In addition, a monthly ongoing PARC Administrative Membership fee of \$249 is required. Memberships and conditions outlined in the PARC Membership form.

C. Commissions. (1) Schedule of Commissions. Independent Associates and Independent Executive Associates shall receive commissions from PARC computed in accordance with the following Commission Schedule:

For Independent Associates: Twenty-five percent (25%) commission of the PARC fee for tax recovery and expense recovery services, meaning the actual client funds received by PARC from client. PARC receives fifty per cent (50%) of the amount generated from client tax recoveries and expense recovery services on behalf of clients and PARC pays half of that amount to Independent Associate.

For Independent Executive Associates: Thirty percent (30%) commission of the PARC fee for tax recovery and expense recovery services, meaning the actual client funds received by PARC from client. PARC receives fifty per cent (50%) of the amount generated from client tax recoveries and expense recovery services on behalf of clients and PARC pays half of that amount to Independent Executive Associate.

Independent Associate commission percentage shall never be diminished during the term of this Agreement. All commissions are paid directly to Independent Associate. Independent Associate is responsible for paying any of their employees, contractors or vendors. Commissions shall be paid on all orders solicited by Independent Associate that result in a fee being paid to PARC. Independent Associates shall not be paid commissions on any orders that do not result from their own efforts, such as orders solicited by any other Independent Associates.

(2) Computation of Commissions. Commissions Paid to Independent Associates on all services

performed by PARC shall be computed based upon the net amount received from the client. Commissions shall not be due and owing until "earned", that is, until payment on that order is received and negotiated by PARC. In the event any order is in dispute, payment of commission, if any, commission will not be "earned" and therefore are not due and owing until such dispute is resolved. PARC reserves the absolute right to grant refunds to clients, adjust client accounts, or "write off" bad debts, as it deems advisable. Commissions are paid to Independent Associate on the first and fifteenth of each month for all cleared/good funds providing such dates do not fall on a Saturday, Sunday or legal holiday.

VII. Confidential, Proprietary Information and Trade Secrets. Independent Associate acknowledges that there is a relationship of trust and confidence between the parties and that, as a result of this Agreement; Independent Associate will be provided certain information which PARC deems to be confidential and/or proprietary and/or trade secrets (hereinafter "Confidential Information"). Independent Associate acknowledges that such Confidential Information is of a special and unique nature and value to PARC and includes any and all procedures, programs, methods, techniques, and/or processes that derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by, proper means by other persons who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Independent Associate understands that such Confidential Information includes, but is not limited to, business plans; software; computer programs; technology; data; client files; correspondence; records; printed materials; sales and/or marketing materials; manuals and other informational brochures; financial information; methods of operations and marketing; pricing information; and any other written data or information received by Independent Associate, from or relating to PARC, prior to or during the term of this Agreement. Independent Associate acknowledges that such Confidential Information is and shall remain the exclusive property of PARC and agrees that it shall not, during the term of this Agreement or any time thereafter, be disseminated or distributed to any unauthorized third party or otherwise be utilized for the benefit of any third party. Independent Associate shall have permission to use such Confidential Information, however, for conducting business pursuant to this Agreement and may disseminate it to those with a "need to know", subject to their written agreement to abide by the terms of this confidentiality provision. Upon termination of this Agreement, all Confidential Information, including all copies thereof, shall be returned immediately to PARC. Oral information which PARC deems to be confidential for purposes of this provision shall be so identified within five (5) days of its disclosure. It is further understood:

1. That Independent Associate has expressed interest in attending a the training session regarding the Opportunity and will travel to the training location for such training, in order to evaluate and at their option, purchase the Opportunity;
2. Independent Associate recognizes and agrees that PARC has a legitimate and substantial interest in maintaining the confidentiality of the Opportunity and preventing direct use of confidential and trade secret information by Independent Associate in the event Independent Associate decides not to participate in the Opportunity;
3. Independent Associate understands that the Opportunity is of a national scope and that PARC advertises its services on the World Wide Web/Internet. Therefore, as the Opportunity is available to be marketed and used anywhere in the United States of America and thus, the competitive territory for purposes of trade secret protection encompasses the entire United States;

4. Independent Associate understands that he/she would not have access to information regarding the Opportunity in the absence of Independent Associate's agreement to the terms and conditions of this Agreement; and
5. Independent Associate agrees that PARC has taken all appropriate steps to keep such trade secret and proprietary information confidential.

VIII. Non-Solicitation. Independent Associate recognizes that PARC's relationships with its employees, contractors, personnel, and Independent Associates are developed and maintained at substantial expense, effort and time, and are essential to the business and goodwill of PARC. Independent Associate therefore agrees that, during the term of this Agreement, and for a period of eighteen months (18), five hundred forty calendar days (540) after termination of such Agreement for any reason, Independent Associate shall not, directly or indirectly, (i) solicit, raid, entice or otherwise induce away any employee, contractor or any personnel, or Independent Associate of PARC, or (ii) offer employment or compensation of any kind to any employee of PARC, either for Independent Associate's own benefit or for the benefit of any third party.

IX. Non-Competition. Independent Associate recognizes that PARC has a legitimate and substantial interest in preventing Independent Associate from competing with PARC for a reasonable period of time following the termination of this Agreement. Independent Associate therefore agrees that during the term of this agreement, and for a period of eighteen (18) months following the termination of this Agreement for any reason whatsoever; including Independent Associates decision not to move forward with the program after the initial training session; Independent Associate shall not, directly or indirectly, compete, own, operate, manage, be an employee, affiliate, or consultant for, or in any manner be connected with any business that engages in any business the same as, or similar to, the business conducted by PARC, which is a tax recovery or contingency based auditing/cost analysis business and or a business opportunity offering said services, whether paid or unpaid, and/or a business opportunity offering, in their state of current residency or by moving to another state anywhere in the United States of America. Independent Associate agrees that this is reasonable. A.P. Initial

X. Injunctive Relief. Independent Associate consents and agrees that the remedy at law for the breach of the covenants contained in Paragraphs VI, VII and VIII, above is inadequate and that for any violation of any of such covenants a restraining order and/or injunction may issue in addition to any other rights and remedies which PARC may have. If any covenant herein is determined by a court to be overly broad thereby making the covenant unenforceable, the parties agree and it is their desire that the court shall substitute a reasonable judicially enforceable limitation in place of the offensive part of the covenant, and that as so modified, the covenant shall be as fully enforceable as if set forth herein by the parties themselves in the modified form.

XI. Disclaimer and Indemnification. Independent Associate acknowledges that, under no circumstances, shall PARC be liable, directly or indirectly, for any special, incidental, punitive, compensatory, consequential or other damages, including lost profits of Independent Associate in connection with any of the Products and/or Services provided by PARC. Independent Associate specifically acknowledges that any training, sales and/or marketing materials given pursuant to this Agreement do not constitute a marketing plan, nor have any guaranteed representations been made by PARC as to potential profits or other indicia of profitability or success, including PARC actual case histories of work performed, warranties, express or implied, are or have been made PARC with respect thereto.

Independent Associate also agrees to indemnify, defend and hold PARC harmless against any and all direct or indirect losses, damages, or expenses of whatever type or form, that Independent Associate may sustain as the result of any act or omission by Independent Associate, or if applicable any of its affiliates, shareholders, officers, directors, employees, including but not limited to breach of this Agreement; intentional misconduct, or negligent or tortuous actions; any representations, whether written or oral, not specifically authorized, in writing, by PARC; or violations of any applicable law, regulation or order, and providing tax advice. Independent Associate further agrees to defend, at Independent Associate's sole cost, and hold PARC harmless, against any and all losses Independent Associate may suffer as a result of any action or legal action by a third party or parties against Independent Associate, due to Independent Associate's intentional misconduct, or negligent or tortuous actions. PARC agrees to indemnify, defend and hold harmless Independent Associate against any and all direct or indirect losses, damages, or expenses of whatever type or form, that Independent Associate may sustain as the result of any act or omission by PARC, or any of its shareholders, officers, directors, employees, or affiliates, including but not limited to breach of this Agreement; intentional misconduct, or negligent or tortuous actions; and/or violations of any application of law, regulation or order. PARC further agrees to defend, at PARC's sole cost, and hold Independent Associate harmless against any and all losses PARC may suffer as a result of any action or legal action by a third party or parties against PARC, due to PARC's intentional misconduct, or negligent or tortuous actions.

XII. Termination of Agreement. This Agreement may be terminated as follows:

A. Written Notice of Termination. Either party to this Agreement may terminate this Agreement by providing the other party with written notice to that effect, sent to the addresses listed in Paragraph XIII herein. Such termination shall be effective thirty (30) days after the date of such notice. In the event of this termination all commissions will be paid to Independent Associate if applicable.

B. Termination by PARC.

(1) Fraud, Illegal Acts or other Misrepresentations. PARC may terminate this Agreement effective immediately upon written notice to Independent Associate, sent to the addresses listed in paragraph XII herein, if PARC reasonably believes that Independent Associate, or any of Independent Associate's employees or affiliates, has violated this Agreement; has committed fraud or any illegal acts of any nature; has made any false or untrue statements concerning the subject matter of this Agreement; or has made any false or untrue statements in the performance of their duties hereunder.

(2) Material Breach of Obligations. PARC may terminate this Agreement in the event that Independent Associate is in breach of any material obligation under this Agreement, or habitually neglects the duties to be performed under this Agreement. Independent Associate shall then have thirty (30) calendar days to cure any such breach (es) and/or any such neglect of duty. Such notice shall be in writing, sent to the addresses listed in Paragraph XII herein, and shall be effective five (5) days from the date of such notice.

C. Termination by Independent Associate.

(3) Material Breach of Obligations. Independent Associate may terminate this Agreement in the event that PARC is in breach of any material obligation under this Agreement, or habitually neglects the duties to be performed under this Agreement. Such notice shall be in writing sent to the address listed in Paragraph XI herein, and shall set forth the breach(es) and/or neglect of duty Independent Associate believes to exist and the remedy needed to rectify such. PARC shall then have thirty (30) calendar days to cure any such breach(es) and/or any such neglect of duty.

D. Effect of Termination of Agreement. Immediately upon the effective date of the termination of this Agreement by any party, Independent Associate shall cease all promotional, solicitation and other activities authorized pursuant to this Agreement, and shall return to PARC all confidential information, product literature and promotional materials. In the event of termination by Independent Associate pursuant to Sub-section XII (A) above, PARC reserves the right to immediately terminate this Agreement.

XIII. Notices. Any notice required by this Agreement or given in connection with it, shall be in writing and shall be given to the appropriate party by personal delivery or by certified mail, postage prepaid, or recognized overnight delivery services, to the following addresses:

If to PARC: Profit Alliance Recovery Consultants
8700 West Bryn Mawr Suite 800
Chicago, IL 60631

Please Complete All Areas Below

If to Independent Associate: Name: Al Perales

Address: 3516 Central Ave

City, State, ZIP: Bettendorf, Ia 52722

Independent Associate acknowledges it is Independent Associate's responsibility to notify PARC of any changes concerning the information contained in this paragraph.

XIV. Payment Information.

PARC shall send checks or payments, made payable as indicated below, to the following:

Payable To: Al Perales

Employer Identification or Social Security Number) _____

Independent Associate Name: Al Perales

Business Name: _____

Mailing Address: 3516 Central Ave

Bettendorf, Ia 52722

Home Phone: _____

Bus. Phone _____

Mobile: 563-505-4520

Fax: _____

Email Address: alperales@hotmail.com

I elect to purchase the following PARC Program: (Please check and initial one)

☒ A.P. Independent Associate Program - \$13,995

_____ Independent Executive Associate Program - \$19,995

_____ PARC Membership Monthly fee- \$249

XV. Miscellaneous Provisions

A. Final Agreement. This Agreement shall constitute the entire agreement between the parties and supersedes any and all existing agreements between them, whether oral or written. No change, modification or amendment of this Agreement shall be of any effect unless in writing signed by all parties hereto.

B. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Iowa.

C. Headings. Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.

D. Assignment. Neither this Agreement nor any interest in this Agreement may be assigned by Independent Associate without the prior express written approval of PARC, which may be withheld by PARC at its absolute discretion.

E. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.

F. Binding Arbitration. In the event of a dispute or disagreement, both parties to this Agreement agree to submit their claims to arbitration in the State of Iowa, under the then current rules of the American Arbitration Association. The parties agree to be bound by the decision of the arbitrator, and they further agree that a judgment upon the award may be entered in any court of competent jurisdiction. The parties hereto agree and stipulate that this agreement shall be interpreted in accordance with the laws of The State of Iowa.

G. Assign ability. This Agreement shall not be assignable by the Independent Associate without

the express written permission of PARC. Any attempt to do so without said permission shall constitute a material breach hereof.

H. No Waiver. The failure of PARC to enforce at any time or for any period of time any of the provisions of this Agreement shall not be construed as a waiver of such provisions or of the right of PARC thereafter to enforce each and every such provision.

I. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of PARC and their respective successors, heirs, and legal representatives. Neither this Agreement nor any rights afforded hereunder may be assigned by Independent Associate without the specific written consent of PARC.

J. Photocopying/Replication of Disclosure/Agreement. No photocopies, replication or transmission of these documents shall be made by Purchaser for purposes other than for their own records or for the purpose of having legitimate counsel review.

IN WITNESS WHEREOF, the parties agree, understand and hereto have executed this PARC Agreement as of the date first above written.

Agent for Service of Process in the State of Texas is:

Judy Dunn, 6724 Green Acres Drive, Ft. Worth, Texas 76180

Independent PARC Associate

By:  Date: 6/6/08
(Signature)

Al Perales
(Printed Name)

APPROVED BY PARC

Authorized Signature: _____ Date: _____

ACKNOWLEDGMENT OF RECEIPT
Profit Alliance Recovery Consultants

RETURN WITH SIGNED AND COMPLETED AGREEMENT

The undersigned acknowledges receipt of the Offering Circular of Profit Alliance Corporation, dba Profit Alliance Recovery Consultants (PARC) including all Exhibits consisting of:

Exhibit A: The PARC Independent Associate Agreement

Signature

Name (Please Print)

Address:

Primary Telephone

DATED

AI Perales

AI Perales

3516 Central Ave

Bettendorf, Ia 52722

563-505-4520

6/6/08

* Not sure what the "offering circular" is, but I received the PARC-Independent Associate Marketing Agreement, the attached "Disclosures required by Law," and a financial statement (which I attached as Exhibit B). Also received some materials describing Profit Alliance's background, activities, etc.

CLIENT COPY TO RETAIN

DISCLOSURES REQUIRED BY LAW PROFIT ALLIANCE CORPORATION d.b.a. PROFIT ALLIANCE RECOVERY CONSULTANTS

1. SELLER AND ANY PREDECESSORS

This Business Opportunity Plan is offered by Profit Alliance Corporation, d.b.a. Profit Alliance Recovery Consultants (hereinafter referred to as the "PARC", incorporated in the State of Texas, September 29, 2003 and began operating as a foreign corporation in Iowa May 30, 2006. PARC maintains its principal business address at West Bryn Mawr, Suite 800 South Chicago, IL 60631; 888-388-3435. PARC began offering this business opportunity in non-registration states in July, 1996. At the time of this filing, no sales have been made. PARC has never been known by any other name.

2. BUSINESS EXPERIENCE OF DIRECTORS AND EXECUTIVE OFFICERS

Kristen Lain is the only Principal Officer and Director of PARC and has held that position since September, 2003. Concurrent with PARC, Kristen worked for United Way Charities in Burlington, IA from June, 2003 until December, 2005 as the Executive Administrator. Kristen earned her second degree in Business from Southeastern College in Iowa in 2003.

3. LITIGATION HISTORY

None of the Officers, Directors or Principal Executives of Seller (listed in Paragraphs 1 & 2 above) or Salespersons of Seller (listed in Exhibit A) has at any time been convicted of a felony, or pleaded nolo contendere to a felony charge if the felony involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; has been held liable in a civil action resulting in a final judgment, has settled out of court any civil action or is a party to any civil action involving allegations of fraud, embezzlement, fraudulent conversion, or misappropriation of property, or the use of untrue or misleading representations in an attempt to sell or dispose of real or personal property or the use of unfair, unlawful or deceptive business practices; or is subject to any currently effective injunction or restrictive order relating to business activity as a result of an action brought by a public agency or department.

4. BANKRUPTCY HISTORY

Further, none of the persons or companies named above has ever during the previous seven (7) fiscal years filed bankruptcy; been adjudged bankrupt; been reorganized due to insolvency; or been a principal, director, officer, trustee or general partner or had management responsibilities of any other person that has so filed or was so adjudicated or reorganized during or within one year after the period that the individual held such position.

5. DESCRIPTION OF BUSINESS OPPORTUNITY

PARC is offering a tax review and recovery service to small businesses and Independent contractors (1099 Income), wherein PARC offers a no-risk review of the previous three (3) years tax returns and if additional tax savings are found, then PARC files the appropriate amended tax returns. The business opportunity offered here by PARC is to provide entrepreneurs, known as Independent PARC Agents with the necessary supplies, training and

support needed to operate a tax recovery service business. As an independent PARC Agent, no tax, bookkeeping or accounting experience is required. The independent PARC Agent will meet with potential clients to market and offer the services of PARC. The independent PARC Agent will secure copies of the client's income tax filings and complete any and all necessary forms to be delivered to PARC. If any tax overpayments are discovered from said review, PARC will file amended tax returns on behalf of the client/taxpayer. PARC also offers contingency based cost expense recovery services to businesses.

The PARC fee assessed to a client for PARC services as described is 50% of the tax or expense overpayments recovered. Commissions paid to Independent Associate by PARC shall be at the rate of 25 % to 30% of the tax or expense overpayments recovered by PARC on behalf of clients based on the commission schedule of the PARC Program chosen by Independent Associate. PARC also offers contingency based expense recovery services to businesses in the areas of Telecommunications, Workers Compensation, Utilities, Credit Card Processing, Waste Management, and Accounts Receivable/Judgment Collection. Commissions paid to Independent Associate contingency based, cost saving analysis and audit services performed by PARC are paid to Independent Associate at either 25% or 30% of the recovery based on the PARC Program chosen by the Independent Associate.

6. INITIAL FUNDS REQUIRED

PARC Associates pay a one-time fee of \$13,995 to \$19,995 for training, support and resources received, and a monthly ongoing fee of \$249 for the PARC Membership benefits.

Training – This training is designed to give an Independent Associate the knowledge and expertise needed to perform all the functions necessary to be successful as a PARC Independent Associate. PARC does not control nor dictate how to operate or run your business. Purchasers receive a complete marketing training program, which will be by way of in-person training in Chicago, Illinois, manuals, telephone training, video, and computer training. The PARC Training includes the PARC Training/Resource Manual the marketing presentation to clients and other knowledge needed to operate the business including: Marketing; Ideas on How to Obtain Clients; Presentation Ideas and Skills; Handling Objections; Completing PARC Documents.

Initial training will take place at our offices in Chicago, Illinois. At the company's option, training may take place at other addresses and/or locations in the United States. Training is held at least once a month for two and a half business days as designated by company per calendar month. Dress is business casual and lunch is included.

Support – PARC provides purchasers of its Business Opportunity Program with access to PARC ongoing support services provided by qualified representatives of PARC via telephone, facsimile, conference calls, e-mail, web-based forum, and/or mail. Purchasers will have access to this support; at no additional fee, for as long as the Purchaser remains active with PARC by continuing to deliver client for the PARC services.

PARC Program Components

Within fifteen (15) calendar days of receiving the PARC Program fee, PARC will provide PARC Independent Associate with the following components for the program of their choice:

PARC Independent Associate Program-\$13,995

PARC will provide Independent Associate with one hundred (100) tri-fold six-page, full-color client brochures; two hundred fifty (250) PARC logo business cards; a two day training session in Chicago, Illinois, (*travel, hotel and all other costs to be paid by Independent Associate*); access to all necessary PARC forms; email address, and the PARC Training Manual and PARC Marketing Materials. Included are items outlined in the attached, investment disclosure which includes PARC Financial Destination membership benefits. A monthly membership fee of \$249 is a required ongoing ACE Financial Destination benefits.

PARC Independent Executive Associate Program-\$19,995

PARC will provide Independent Executive Associate with two hundred fifty (250) tri-fold six-page, full-color client brochures; five hundred (500) CRG logo business cards; a two day training session in Chicago, Illinois (*travel, hotel and all other costs to be paid by Independent Associate*); access to all necessary PARC forms; email address, and the PARC Training Manual and PARC Marketing Materials. Included are items outlined in the attached, investment disclosure which includes PARC Membership benefits. A monthly membership fee of \$249 is required ongoing for ACE Financial Destination benefits.

Terms and Conditions of Payment

Provided prospective Independent Associate is in agreement with the enclosed documentation, they have agreed that they will return the PARC Signature Documents within **10 calendar days of receipt** along with a deposit of \$13,995 or \$19,995 depending on the model approved for, made payable to ***Profit Alliance Recovery Consultants*** to reserve a training session and attend said training session within **thirty (30) days** of their receipt of PARC documents. Sales representatives of PARC will receive a commission of 15-25% for the sale of this business opportunity.

"If the Seller fails to deliver the products, equipment, or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract you may notify the Seller in writing and demand that the contract be canceled."

7. OTHER FEES

There are no additional fees to be paid to PARC after the initial fee is paid as noted above and the ongoing monthly membership fee disclosed, unless the Purchaser/Independent Associate orders additional marketing material and forms from PARC.

8. RESTRICTION OF PRODUCTS OR SERVICES

NONE

9. OBLIGATIONS OF INDEPENDENT ASSOCIATE

PARC Independent Associate agrees to the following:

A. PARC Independent Associate agrees that he/she will not, at any time, or in any manner, disclose to any person, firm, or corporation, any information concerning any matter affecting or relating to the business of PARC. Such restrictions include, but are not limited to, PARC products, sales, services, aids, advertising, operations manuals, and any other technical and marketing information furnished to PARC Independent Associate by PARC. PARC Independent Associate acknowledges that any breach of the terms of this paragraph will be a material breach of the Agreement.

B. PARC Independent Associate agrees that they may not make, without written authorization from PARC, promises to prospective clients relating to the actual amount of monetary benefit available to client.

C. PARC Independent Associate agrees that they will not use or form any entity, at any time, using the name or logo of PARC to indicate the identity of PARC Independent Associate's business. PARC Independent Associate will indicate that it is an Independent Associate of PARC only and may use PARC name on business cards and promotional materials only in conjunction with their own business name.

10. AFFILIATED PERSONS THE AFFILIATE IS REQUIRED OR ADVISED TO DO BUSINESS WITH. NONE

11. TERRITORY NONE, however PARC places one individual per 500,000 in population.

12. ESTIMATED OR PROJECTED SALES OR EARNINGS

PARC makes no statements or guarantees of actual, projected, or forecasted contracts, profits or earnings that may result from the operation of this business opportunity. PARC does not guarantee that the PARC Independent Associate will derive income from this particular business opportunity, which exceeds the price paid for the business opportunity; nor does PARC refund all or part of the price paid for the business opportunity; or repurchase any of the products or services provided by PARC. Independent Associate acknowledges and understands that upon completion of the PARC initial training session that they have received extensive proprietary information, and that much of the information received is intellectual property. Therefore, as intellectual property cannot be returned and no refunds of fees received can be returned.

13. PERSONAL PARTICIPATION REQUIRED IN THE OPERATION OF THE BUSINESS

PARC recommends that PARC Independent Associate, or a person designated by PARC Independent Associate, personally participate in the operation of the business.

14. TERMINATION, CANCELLATION AND RENEWAL NONE

15. RISK FACTORS

The major risk factor of this business opportunity would be a PARC Independent Associate losing a portion of, or even their entire investment, if Independent PARC Associate fails to promote and market the services.

16. FINANCIAL STATEMENT

A copy of a current financial statement (not more than twelve months old) of is attached hereto as Exhibit B. These financial statements are prepared without an audit. Prospective purchasers or sellers of business opportunities should be advised that no certified public accountant has audited these figures.

17. BUSINESS OPPORTUNITY PURCHASE CONTRACT

Attached to this document is an unexecuted copy of PARC's contract.

THE COMPANY REPRESENTS THAT THIS DISCLOSURE DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

SALES REPRESENTATIVES OF SELLER

Scott Lawrence
Quad Cities, Iowa/Illinois

Kristen Lain
Chicago, Illinois



Profit Alliance Inc., D.B.A. Profit Alliance Recovery Consultants
Balance Sheet as of December 31, 2007

ASSETS

Current Assets

Cash and Deposits	\$ 1,493,613.91
Accounts Receivable	<u>2,892,515.78</u>
Total Current Assets	4,386,129.69

Fixed Assets

Furniture and Fixtures	\$ 87,000.00
Accumulated Depreciation Furniture and Fixtures	-16,300.00
Office Equipment	46,500.00
Accumulated Depreciation Office Equipment	-17,800.00
Security Deposits	<u>4,820.00</u>
Total Fixed Assets	104,220.00

TOTAL ASSETS \$ 4,490,349.69

LIABILITIES

Current Liabilities

Accounts Payable	\$ 146,437.00
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Total Current Liabilities \$ 146,437.00

EQUITY

Owner/Shareholder Equity	\$ 485,750.00
Current Years Earnings	372,000.00

Total Equity \$ 857,750.00

TOTAL LIABILITIES AND EQUITY \$ 1,004,187.00

TO WHOM IT MAY CONCERN:

This Financial Statement has been prepared without an audit. Prospective purchasers of business opportunities should be advised that no Certified Public Accountant has audited these figures or expressed his/her opinion with regards to their content or form.

This declaration under penalty of perjury, that to the best of my knowledge and belief, the information in this financial statement is true and accurate.

Kristen Lain, CEO
Kristen Lain

December 31, 2007
Date

Exhibit B